

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 EB-08 CIAE-00
COME-00 INR-10 LAB-04 NSAE-00 SP-02 TRSE-00
FRB-03 OMB-01 DODE-00 PM-05 H-01 L-03 NSC-05
PA-01 SS-15 ICA-11 XMB-02 CTME-00 JUSE-00 AF-10
ARA-10 EA-10 NEA-11 /145 W
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P 231604Z JUN 78
FM AMEMBASSY VIENNA
TO SECSTATE WASHDC PRIORITY 6958
INFO USDA/FAS WASHDC
AMEMBASSY BONN
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 VIENNA 05794

E.O. 11652: GDS
TAGS: EAGR, ETRD, AU, US
SUBJECT: AUSTRIAN OILSEED PROGRAM: DIPLOMATIC
REPRESENTATION

REF: (A) VIENNA 5721; (B) VIENNA 5705; (C) STATE 153160

1. SUMMARY: AMBASSADOR, ACCOMPANIED BY ECONCOUNS AND
AGATTACHE, MET VICE CHANCELLOR ANDROSCH ON JUNE 21, TO
MAKE HIGHEST LEVEL DEMARCHE ON PROPOSED AUSTRIAN OILSEED
PROGRAM BEFORE FINAL SESSION OF PARLIAMENT JUNE 26-30.
REPRESENTATION MADE ALONG LINES SUGGESTED REFTEL C.
ANDROSCH EXPRESSED FULL UNDERSTANDING BROADER IMPLICATIONS
(INCLUDING DOMESTIC POLITICAL IMPLICATIONS) OF OILSEED
PROGRAM ON U.S. SOYBEAN INTERESTS. HE ASKED EQUAL USG
UNDERSTANDING OF AUSTRIAN PROBLEMS RELATED TO WHEAT
SURPLUSES, BUDGET AND TRADE GAPS, WHICH OILSEED PROGRAM
DESIGNED TO MITIGATE. VICE CHANCELLOR RECOGNIZED TIME
TOO SHORT TO RESOLVE USG-GOA PROBLEMS DURING FEW DAYS
BEFORE PARLIAMENT RECESSES. HE EXPRESSED WILLINGNESS TO
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RECOMMEND TO CHANCELLOR SHELIVING OILSEED PROGRAM FOR TIME
BEING, WHICH SHOULD ALLOW TIME TO EXAMINE DIFFERENCES
BETWEEN TWO COUNTRIES IN HOPES OF FINDING SOLUTION. END
SUMMARY.

2. IN OPENING HOUR-LONG MEETING WITH GENERAL DISCUSSION
OF OECD MINISTERIAL AND DANGERS OF GROWING PROTECTIONISM,

ANDROSCH REFLECTED ALMOST BITTER RESIGNATION OVER PROBLEMS WHICH A SMALL, TRADE-DEPENDENT, NEUTRAL COUNTRY LIKE AUSTRIA ENCOUNTERS WHEN IT MUST DEVELOP A PROGRAM TO LESSEN ITS RELIANCE ON FOREIGN RAW MATERIAL SUPPLIES. SUCH A PROGRAM HE NOTED WOULD HAVE LITTLE IMPACT ON WORLD TRADE. HOWEVER, WHEN A BIG COUNTRY PURSUES POLICIES INCONSISTENT WITH GATT THIS HAS A PROFOUND IMPACT ON WORLD TRADE RELATIONS. AS EXAMPLE, HE CITED PLASSER & THEURER ANTI-DUMPING CASE, WHICH HE HAD RAISED PERSONALLY WITH SECRETARY BLUMENTHAL AND WHICH HE TERMED "PURELY POLITICAL DECISION" INCONSISTENT WITH GATT. I WOULD HAVE LIKED TO RESPOND IN DETAIL, BUT SINCE OUR LAST INFORMATION ON PLASSER & THEURER CASE IS THAT CONTAINED VIENNA 00011/ STATE 28627 EXCHANGE EARLY THIS YEAR, WE DO NOT KNOW WHAT ANTI-DUMPING DUTIES ARE BEING ASSESSED ON IMPORTS UNDER CASE-BY-CASE PROCEDURE BEING APPLIED AND WHETHER IMPORTS ACTUALLY ARE BEING ADMITTED. PLEASE PROVIDE THIS INFORMATION SOONEST.

3. HAVING GOTTEN THAT OFF HIS CHEST ANDROSCH THEN TURNED SERIOUSLY TO ISSUE AT HAND AND EXPLAINED THAT THE OILSEED PROGRAM IS DESIGNED TO SOLVE ONE OF THE MAJOR STRUCTURAL PROBLEMS FACING AUSTRIAN AGRICULTURE---NAMELY, THE CHRONIC SOFT WHEAT SURPLUS PROBLEM. HE MADE CLEAR THAT SOME WAY OUT OF THIS HAD TO BE FOUND. WITH RESPECT TO SOYBEANS ANDROSCH SAID SIMPLY THAT THE GATT CASE WAS CONFIDENTIAL

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DEBATABLE, BUT THAT THE REAL ISSUE WAS POLITICAL. HE SAID IT WAS CLEAR THAT OUR BASIC PROBLEM WAS WITH THE EC NOT AUSTRIA, AND THAT AUSTRIA TOO WAS WELL AWARE OF THE DIFFICULTIES IN OBTAINING MARKET ACCESS TO THE EC FOR AGRICULTURAL PRODUCTS. IN AN EFFORT TO AVOID "UNNECESSARY PROBLEMS," HE WONDERED WHETHER THE U.S. AND AUSTRIA COULD NOT EXPLORE POSSIBLE WAYS OUT OF THE PROBLEM.

4. ANDROSCH RECOGNIZED THAT SHORT TIME LEFT BEFORE PARLIAMENT CLOSURE AND END OF CURRENT PLANTING SEASON WAS INSUFFICIENT TO RESOLVE PROBLEM WITH USG AND SUGGESTED POSSIBILITY THAT HE MIGHT RECOMMEND TO CHANCELLOR THAT CONSIDERATION OF PROGRAM BY PARLIAMENT BE POSTPONED UNTIL SOLUTION COULD BE FOUND TO BRIDGE THE GAP BETWEEN U.S. AND AUSTRIAN INTERESTS. HE ASKED SPECIFICALLY FOR U.S. SUGGESTIONS HOW THIS COULD BE ATTAINED. I AGREED THAT TIME WAS INDEED TOO SHORT TO RESOLVE ISSUE NOW AND ENCOURAGED IDEA OF POSTPONEMENT. WHILE OFFERING FULL WILLINGNESS TO EXPLORE ALL WAYS TO SATISFY INTERESTS ON BOTH SIDES, I INDICATED THAT OF COURSE NEITHER OF US COULD GUARANTEE THAT A SUCCESSFUL

FORMULA COULD BE DEVELOPED. VICE CHANCELLOR STRESSED AUSTRIA'S CONTINUED NEED FOR U.S. SOYBEAN PRODUCTS AND INDICATED WILLINGNESS TO ENTER INTO LONG-RANGE AGREEMENT TO ASSURE MARKETS FOR U.S. SOYBEANS AND SOYBEAN PRODUCTS. I PROMISED TO RELAY THIS IDEA TO WASHINGTON. IN RESPONSE TO QUESTION WHETHER GOA HAD CONSIDERED ALTERNATIVES TO CONSUMPTION TAX FOR SUBSIDIZING OILSEED GROWERS, ANDROSCH SAID YES, BUT THAT ALTERNATIVES WHICH WOULD LEAVE SOYBEAN MEAL IMPORTS UNTOUCHED, WERE FOUND NOT FEASIBLE. HE DID NOT EXPLAIN WHAT KIND OF PROGRAM(S) HAD BEEN LOOKED AT.

5. NEAR CONCLUSION OF SESSION I PRESENTED NOTE BASED ON

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C O N F I D E N T I A L SECTION 02 OF 02 VIENNA 05794

REFTEL C AND ANDROSCH SAID WE WOULD RECEIVE FORMAL RESPONSE. HE ALSO INDICATED THAT HE WOULD ACCOMPANY NOTE WITH SOME LESS FORMAL FORM OF COMMUNICATION.

6. COMMENT. FOLLOWING THE GOA'S EARLIER EMPHASIS ON LEGALITY OF THEIR OILSEED PROGRAM UNDER GATT, AND MY REITERATION OF GATT ARGUMENTS BASED ON REFTEL C, ANDROSCH' RAPID DISMISSAL OF THE GATT ASPECTS CAME AS A SURPRISE. ANDROSCH CLEARLY VIEWS THIS AS A POLITICAL PROBLEM FOR WHICH HE IS SEEKING A POLITICAL SOLUTION. AS SOON AS WE RECEIVE AND CAN ANALYZE THE PROMISED DOCUMENTS, WE SHALL REPORT FURTHER. WOLF

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